WORLDCOM

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By Electronic Filing

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: EX PARTE – WC Docket No. 02-150: Application by BellSouth for Authorization to Provide In-Region InterLATA Services in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina

Dear Ms. Dortch:

On September 11, 2002, Sherry Lichtenberg, Marc Goldman and I, on behalf of WorldCom, Inc., spoke by telephone with Aaron Goldberger, Gina Spade, Gregory Cooke and Christine Newcomb of the Wireline Competition Bureau to discuss ongoing concerns with BellSouth's application in the above listed docket, focusing on change management issues. We set forth the substance of our discussion below, which demonstrates that despite BellSouth's assertions at the end of the Georgia/Louisiana 271 process, BellSouth has not sufficiently resolved its change management problems sufficiently to permit its five-state section 271 application to be granted. We also make one point related to pricing to respond to recent BellSouth *ex partes* on the topic.

A. BellSouth's OSS Releases Are Riddled with Defects

In the Georgia/Louisiana 271 Order, the FCC expressed concern with the quality of BellSouth's releases. Despite the focus on this issue, BellSouth's two recent releases have been of extremely poor quality. We have previously discussed the problems with Release 10.5. In many ways, Release 10.6, which was implemented on August 24, 2002, was even worse. This is so even though the release had been postponed by a month, which gave BellSouth more time to ensure it worked properly, and even though CLECs had asked hundreds of questions of BellSouth regarding this release to ensure that it was implemented properly.

Release 10.6 was intended to address the calling scope problem in Georgia that was prominently raised in WorldCom's Georgia/Louisiana advocacy. The release added

Universal Service Order Codes ("USOCs") to enable CLECs to order a smaller local calling scope in Georgia. The release also added USOCs in states other than Georgia that could be used to order enhancements to existing products.

On July 25, 2002, BellSouth announced for the first time that CLECs would have to amend their interconnection agreements if they wanted to use the new USOCs. (See Carrier Notification SN91083247 ("The Interconnection Agreement between BellSouth and the CLEC must be amended to add these new USOCs before they may be ordered.")) As WorldCom has previously explained, this requirement was absurd both because there is no need to list USOCs in an interconnection agreement and because BellSouth waited far too long to announce the need for such a change.

Nonetheless, WorldCom complied with the requirement in the letter. Georgia was the only state in which WorldCom intended to use the new USOCs because WorldCom did not want the functionality provided by the new USOCs in other states. In Georgia, therefore, but not in other states, WorldCom requested a change to its interconnection agreement. But just as WorldCom predicted, BellSouth delayed making the necessary change to the interconnection agreement, initially expressing surprise at WorldCom's request for an amendment despite BellSouth's letter stating such an amendment was necessary. After further discussions with BellSouth, WorldCom submitted a signed copy of the amended agreement on August 22. But BellSouth delayed signing the agreement until August 28. This should not have been a problem, however, because WorldCom did not intend to use the new USOCs until late September, when it intended to make coding changes needed for it to use these USOCs.

Because WorldCom did not intend to use the new USOCs immediately anywhere in the BellSouth region, WorldCom specifically asked BellSouth whether Release 10.6 would result in rejection of any WorldCom orders if WorldCom continued sending the same USOCs it had previously sent. BellSouth responded that WorldCom orders would not reject. (Att. 1.)

Nonetheless, after BellSouth implemented Release 10.6, WorldCom orders began rejecting. The majority of rejects were for orders that fell to manual handling, although some mechanized orders also rejected. Hundreds of orders rejected. BellSouth eventually explained to WorldCom that this was because WorldCom had not amended its interconnection agreements to enable it to transmit the new USOCs. (Att. 2, September 5 letter from Garry Jones to Sherry Lichtenberg ("After Release 10.6 MCI received approximately 627 clarifications for this error because the specific USOC requested was not part of your contract.")) But WorldCom was not sending the new USOCs and thus should not have had to amend its contract![1] Moreover, WorldCom *had* submitted an amended interconnection agreement in Georgia to allow it to send the new USOCs, but received rejects in Georgia as in the other states. BellSouth eventually claimed that the

[1] It appears that BellSouth was placing the new USOCs on WorldCom's orders and then rejecting them because of the presence of these USOCs. Letter from BellSouth Change Management Team to Sherry Lichtenberg, September 4, 2002 (Att. 3). This also suggests that on orders BellSouth is accepting, it may also be changing the USOCs. If so, WorldCom is not receiving the service it is ordering.

agreement had been amended as of August 29, and rejects have diminished in Georgia since that date. BellSouth for some reason now claims that WorldCom must amend its interconnection agreements in states other than Georgia (even though WorldCom never intends to order the new USOCs in those states) in order to correct rejects, and WorldCom is in the process of doing so. For now, WorldCom orders are still being rejected.

BellSouth's rejection of hundreds of orders based on a change that has been the focus of CLEC attention for months demonstrates the continued failure of its change management process. The unnecessary requirement of amended interconnection agreements coupled with bungled implementation of that requirement and poor internal testing led to these rejects. Moreover, BellSouth has characterized the problem as a documentation defect (CR0931) which means there is no specified date by which BellSouth has to fix the defect.[2]

This was only one of the defects in Release 10.6. The Release also contained at least 12 other defects that have been announced by BellSouth itself. These are important. As a result of one of these defects, for example, BellSouth has failed to send WorldCom FOCs, rejects, or completion notices on well over a hundred orders. BellSouth's defect notice (CR0931) did not make this apparent, however, as it referred only to acknowledgments, not FOCs, rejects, or completion notices. It was only when WorldCom asked BellSouth about a rapid jump in the number of missing notifiers that BellSouth said this was the result of the defect referenced in CR0931. Despite its obvious impact on CLECs and the absence of any workaround, BellSouth categorized the defect as a Severity 3 defect, so that it has much longer to fix the defect than if categorized as Severity 1 or 2.

Another example of BellSouth's delay in fixing defects is CR0832 which was supposed to be implemented as part of Release 10.6 to correct a defect in Release 10.5 concerning the availability of telephone numbers for new lines. But BellSouth has announced that this defect was not fixed in Release 10.6 and will be rescheduled for a future release.

BellSouth must fix not only these particular defects but its process of release testing prior to gaining section 271 approval. Its repeated failure even in the glare of the section 271 spotlight causes significant harm to CLECs that is only likely to get worse if BellSouth's pending application is approved.

B. BellSouth Is Not Implementing CLEC Change Requests in Accord with the Change Management Plan

During the Georgia/Louisiana proceedings, WorldCom discussed at length BellSouth's failure to implement prioritized CLEC changes. BellSouth agreed to alter its change management process in ways that satisfied the Commission that this problem had been resolved. But BellSouth is not following its new process.

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[2] While WorldCom believes that CR0931 is related to the problem it has experienced, the CR is unclear, as is typical of BellSouth change requests. Adding to the ambiguity is the fact that BellSouth told WorldCom it would not open a defect related to the rejects as it wrongly claimed the rejects were WorldCom's fault.

On May 22, 2002, the CLECs prioritized their change requests. The top priority was Interactive Agent (CR0186), second was EDI pre-order (CR0101), third was Ability to view resold/UNE-P CSRs (CR0184/CR0246), fourth was Billing completion notifier (CR0443), and fifth was LNP range of telephone numbers (CR0284). Before prioritizing, the CLECs carefully calculated that all five of these changes could fit within the space available in the next BellSouth release based on the preliminary sizing information provided by BellSouth. After prioritization, BellSouth informed CLECs that at least the top two changes would be in the next CLEC release. Indeed, under the change management plan "[s]izing and sequencing of prioritized change requests will begin with the top priority items and continue down through the list until the capacity constraints have been reached for the next release." (Section 4.0 – Part 2, Step 7.) The Release Package that is eventually developed can deviate from this order but only based on group consensus. (Section 4.0-Part 2, Step 8.)

But on August 30, BellSouth made a filing with the Florida Commission suggesting that it would not be able to implement the CLECs' top two changes in the next release in March. BellSouth said that it would instead implement these changes in May, both because it had underestimated the capacity required for these changes and because the Florida Commission had implemented a metric requiring all changes to be made in 60 weeks. BellSouth did not explain how either of these factors forced it to push back implementation of the top two changes, especially since BellSouth had repeatedly assured CLECs that it had sufficient capacity to implement the changes.

In its August 30 filing, BellSouth also indicated that it would give CLECs a choice of two options both of which included the delayed release of Interactive Agent and EDI pre-order. Under the first option, BellSouth would also delay the next industry standard version of EDI (LSOG 6) until 2004. Under the second option, BellSouth would implement LSOG 6 but CLECs would have to agree that BellSouth would not have to meet Florida's 60 week requirement for implementation of prioritized changes. But CLECs should not be faced with this Hobson's choice. LSOG 6 is vital to keep BellSouth releases up to date with the industry, especially since BellSouth did not implement the last industry standard release (LSOG 5). Implementation of top CLEC change requests is also vital.

Even if CLECs agreed to delay LSOG 6, the plan that BellSouth presented to CLECs in the September 5 change management meeting would not provide CLECs what they need. BellSouth's proposal for the next CLEC release (which appears to apply under either proposed plan) fails to implement CLECs top prioritized requests in order. BellSouth proposes implementation of CLEC requests 1 and 2 in the next release and then tentatively "targets" inclusion of CLEC requests 6, 9, 10, 12, 14, 18, 20, and 22 in that release, but not CLEC requests 3, 4, 5, 7, 8, 11, 13, etc. (Att. 4.) Some of the changes BellSouth has targeted to implement, such as requests 11 and 20 take approximately the same amount of release space (19.04 and 26.53 units) as much higher prioritized items that BellSouth is not implementing, such as requests 3 and 5 (22.95 and 26.54 units). BellSouth has offered no explanation for its deviation from the prioritized order – other than its inexplicable reference to its sizing error and to the Florida Commission Order. BellSouth has not attempted to obtain CLEC consensus for such a deviation. This is in direct violation of the change management plan.

On September 10, CLECs made a counter-proposal to BellSouth in which they took into account BellSouth's concerns but nonetheless were able to provide a schedule that included implementation of both LSOG 6 and top CLEC changes. WorldCom hopes that BellSouth will accept this proposal. For now, however, BellSouth continues to display a cavalier attitude towards the change management process that provides no basis for concluding that important CLEC change requests will be implemented in a timely fashion.

C. BellSouth Violated the Change Management Plan in Rejecting Orders that Included Requests for BellSouth Long Distance

The decision of BellSouth to reject CLEC orders that included requests for BellSouth long distance service also violated the change management plan. While it may be possible to dispute whether BellSouth's long distance affiliate is permitted to reject CLEC requests for long distance service, there can be no dispute that it must do so through the ordinary long distance CARE process. BellSouth local cannot reject orders on behalf of BellSouth long distance, especially since this leads to rejection of CLEC orders as a whole, including the CLEC's local service. BellSouth's decision to reject such orders is especially problematic because BellSouth did not notify CLECs until after the fact and did not follow other requirements of the change management process.

D. BellSouth's Use of Loading Factors Is a TELRIC Error.

In addition to BellSouth's failures with respect to change management, BellSouth's UNE rates are too high. WorldCom previously has explained why this is so at some length. In recent *ex parte* filings, BellSouth has responded to one of WorldCom's arguments – that use of loading factors does not properly disaggregate costs and also overstates cost on average. BellSouth responds that use of loading factors understates loop costs on average because its model includes many smaller size loops. But the data WorldCom submitted regarding fully loaded material costs demonstrates that the loading factors used by BellSouth exaggerate even average loop costs by 15%. Moreover, whatever the effect on average loop costs, use of BellSouth's loading factors magnifies costs in urban areas that typically have larger cable sizes for loops.

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Pursuant to the Commission's rules, I am filing an electronic copy of this letter and request that it be placed in the record of this proceeding.

Sincerely,

Keith L. Seat

Attachments

cc (w/att): Christopher Libertelli, Matthew Brill, Daniel Gonzalez, Jordan Goldstein, Aaron Goldberger, Gina Spade, Gregory Cooke, Christine Newcomb, Susan Piè, Janice Myles, Qualex International, James Davis-Smith (DOJ), Honorable John Garner (Alabama PSC), Deborah Eversole (Kentucky PSC), Brian U. Ray (Mississippi PSC), Robert H. Bennick, Jr. (North Carolina UC), Gary E. Walsh (South Carolina PSC)